

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF IOWA**

In re:

MERCY HOSPITAL, IOWA CITY, IOWA, *et al.*,

Debtors.

)
) Chapter 11
)
) Case No. 23-00623 (TJC)
)
) Jointly Administered
)
) **Related to Docket No. 259**

**COMPENSATION REPORT OF TONEYKORF PARTNERS, LLC
FOR THE PERIOD FROM APRIL 1, 2024 THROUGH MAY 31, 2024**

In accordance with the *Order Authorizing Debtors to Retain ToneyKorf Partners, LLC as Interim Management of the Debtors, Effective as of the Petition Date Pursuant to Section 363 of the Bankruptcy Code, and Granting Related Relief* [Docket No. 259] (the “Retention Order”) and pursuant to the terms of the engagement letter dated March 30, 2023 (the “Engagement Letter”), ToneyKorf Partners, LLC (“ToneyKorf Partners”) hereby submits its report of compensation earned and expenses incurred (the “Compensation Report”) for the period of April 1, 2024 through May 31, 2024 (the “Report Period”), and in support of such report respectfully represents:

1. The Debtors appointed Mark E. Toney to serve as the Chief Restructuring Officer (“CRO”), James R. Porter to serve as the Chief Financial Officer (“CFO”), and Christopher P. Karambelas to serve as the Chief Information Officer and Chief Operating Officer (“CIO/COO”) as set forth in the Engagement Letter. The Engagement Letter further states that ToneyKorf Partners will provide additional personnel to assist Mr. Toney, Mr. Porter, and Mr. Karambelas with the restructuring efforts and other business of the Debtors (the “Temporary Staff”), as set forth more fully in the Engagement Letter.

2. The Retention Order provides that ToneyKorf Partners shall file with this Court, and provide notice to the Office of the United States Trustee for the Northern District of Iowa (the

“U.S. Trustee”) and any official committees of, a report of staffing on the engagement for the previous month that includes the names and functions of each of the individuals assigned (each, a “Staffing Report”). *See* Retention Order, ¶ 3(c). The Staffing Report for the period April 1, 2024 to April 30, 2024 was filed on May 20, 2024 [Docket No. 1067], and the Staffing Report for the period May 1, 2024 to May 31, 2024 was filed on June 20, 2024 [Docket No. 1129].

3. The Retention Order also provides that ToneyKorf Partners shall file reports of compensation earned and expenses incurred for a sixty-day period. *See* Retention Order, ¶ 3(e). Accordingly, ToneyKorf Partners has prepared a summary report of compensation earned and expenses incurred for the Report Period, attached hereto as **Exhibits A-F**. Attached hereto as **Exhibit A** is a summary chart that discloses the names, functions filled, hours worked, and compensation by the CRO, CFO, CIO/COO, and the Temporary Staff for the Report Period. Attached hereto as **Exhibit B** is a summary chart that discloses the hours worked and compensation by category for the Report Period. Attached hereto as **Exhibit C** is a summary of hours worked and compensation by category by each ToneyKorf Partners professional for the Report Period. Attached hereto as **Exhibit D** is a description of hours worked by category for the Report Period. Attached hereto as **Exhibit E** is a summary of expenses incurred by category for the Report Period. Attached hereto as **Exhibit F** is an itemized list of expenses incurred for the Report Period.

Dated: June 24, 2024

/s/ Mark E. Toney
Mark E. Toney
Senior Managing Director
ToneyKorf Partners, LLC

EXHIBIT A

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD APRIL 1, 2024 TO MAY 31, 2024
SUMMARY OF COMPENSATION EARNED BY PROFESSIONAL**

Senior Management	Position	Rate	Hours	Amount
Mark Toney	Chief Restructuring Officer	\$ 1,050	76.9	\$ 80,745.00
Jim Porter	Chief Financial Officer	810	124.5	100,804.50
Chris Karambelas	Chief Information Officer / Chief Operating Officer	725	58.6	42,485.00
Subtotal			260.0	\$ 224,034.50

Other Professionals	Position	Rate	Hours	Amount
Peg Brubaker	Vice President of Human Resources	\$ 685	103.0	\$ 70,520.75
Jamy Houck	Manager of Administration and Communications	660	15.5	10,230.00
Dennis Rodriguez	Finance Manager	645	2.7	1,741.50
Kara Borodkin	Treasury and Finance Manager	335	144.1	48,273.50
Subtotal			265.3	\$ 130,765.75

Total Hours and Fees			525.2	\$ 354,800.25
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Discounts:

Travel Discount at 50% ⁽¹⁾	(4,365.00)
Senior Management Contractual Discount ⁽²⁾	-

Total Discounts	\$ (4,365.00)
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Net Fees	\$ 350,435.25
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Expenses⁽³⁾	\$ 3,431.72
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Total Billed	\$ 353,866.97
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Notes:

(1) Travel time is discounted at 50% for all professionals per the engagement letter.

(2) Due to the declining required work and related time, the fees of the CFO and CIO/COO have decreased below the contractual cap per the engagement letter. Hence, the related discount has declined or is not applicable.

(3) Expenses represent amounts recorded to date and do not represent full amounts incurred. Further expenses may be reported after this reporting period.

EXHIBIT B

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD APRIL 1, 2024 TO MAY 31, 2024
SUMMARY BY CATEGORY**

Category	Hours	Amount
01 Business Operations	314.8	\$ 203,398.25
02 Cash Management & Financing	35.9	17,498.50
03 Post-Closing UI Transition Services	14.0	9,804.50
04 Asset Sale	7.3	5,796.50
09 Bankruptcy Reporting	22.5	13,764.50
10 Claims Admin	23.8	16,034.00
11 DS & POL	45.8	39,838.50
13 Litigation	9.4	8,995.50
14 Other BK Matters	3.7	3,332.50
16 Bankruptcy Meetings and Communications	12.2	7,184.50
17 Court Hearings	12.0	11,760.00
19 Compensation and Staffing Reports	14.8	8,663.00
20 Travel Time	9.0	8,730.00
Total Hours / Fees	525.2	\$ 354,800.25

EXHIBIT C

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD APRIL 1, 2024 TO MAY 31, 2024
SUMMARY BY CATEGORY BY PROFESSIONAL**

	Hours	Amount
01 Business Operations		
Mark Toney	30.0	\$ 31,500.00
Jim Porter	61.4	49,693.50
Chris Karambelas	25.6	18,560.00
Peg Brubaker	103.0	70,520.75
Jamy Houck	4.1	2,706.00
Dennis Rodriguez	-	-
Kara Borodkin	90.8	30,418.00
01 Business Operations Total	314.8	\$ 203,398.25
02 Cash Management & Financing		
Mark Toney	3.8	\$ 3,990.00
Jim Porter	5.8	4,698.00
Chris Karambelas	-	-
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	-	-
Kara Borodkin	26.3	8,810.50
02 Cash Management & Financing Total	35.9	\$ 17,498.50
03 Post-Closing UI Transition Services		
Mark Toney	-	\$ -
Jim Porter	9.7	7,857.00
Chris Karambelas	1.3	942.50
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	-	-
Kara Borodkin	3.0	1,005.00
03 Post-Closing UI Transition Services Total	14.0	\$ 9,804.50
04 Asset Sale		
Mark Toney	0.4	\$ 420.00
Jim Porter	4.4	3,564.00
Chris Karambelas	2.5	1,812.50
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	-	-
Kara Borodkin	-	-
04 Asset Sale Total	7.3	\$ 5,796.50

EXHIBIT C

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD APRIL 1, 2024 TO MAY 31, 2024
SUMMARY BY CATEGORY BY PROFESSIONAL**

	Hours	Amount
09 Bankruptcy Reporting		
Mark Toney	0.4 \$	420.00
Jim Porter	5.2	4,212.00
Chris Karambelas	8.9	6,452.50
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	-	-
Kara Borodkin	8.0	2,680.00
09 Bankruptcy Reporting Total	22.5 \$	13,764.50
10 Claims Admin		
Mark Toney	0.4 \$	420.00
Jim Porter	5.0	4,050.00
Chris Karambelas	11.7	8,482.50
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	2.7	1,741.50
Kara Borodkin	4.0	1,340.00
10 Claims Admin Total	23.8 \$	16,034.00
11 DS & POL		
Mark Toney	18.9 \$	19,845.00
Jim Porter	20.0	16,200.00
Chris Karambelas	3.8	2,755.00
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	-	-
Kara Borodkin	3.1	1,038.50
11 DS & POL Total	45.8 \$	39,838.50
13 Litigation		
Mark Toney	6.5 \$	6,825.00
Jim Porter	0.8	648.00
Chris Karambelas	2.1	1,522.50
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	-	-
Kara Borodkin	-	-
13 Litigation Total	9.4 \$	8,995.50

EXHIBIT C

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD APRIL 1, 2024 TO MAY 31, 2024
SUMMARY BY CATEGORY BY PROFESSIONAL**

	Hours	Amount
14 Other BK Matters		
Mark Toney	2.0 \$	2,100.00
Jim Porter	-	-
Chris Karambelas	1.7	1,232.50
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	-	-
Kara Borodkin	-	-
14 Other BK Matters Total	3.7 \$	3,332.50
16 Bankruptcy Meetings and Communications		
Mark Toney	- \$	-
Jim Porter	5.7	4,617.00
Chris Karambelas	1.0	725.00
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	-	-
Kara Borodkin	5.5	1,842.50
16 Bankruptcy Meetings and Communications Total	12.2 \$	7,184.50
17 Court Hearings		
Mark Toney	8.5 \$	8,925.00
Jim Porter	3.5	2,835.00
Chris Karambelas	-	-
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	-	-
Kara Borodkin	-	-
17 Court Hearings Total	12.0 \$	11,760.00
19 Compensation and Staffing Reports		
Mark Toney	- \$	-
Jim Porter	-	-
Chris Karambelas	-	-
Peg Brubaker	-	-
Jamy Houck	11.4	7,524.00
Dennis Rodriguez	-	-
Kara Borodkin	3.4	1,139.00
19 Compensation and Staffing Reports Total	14.8 \$	8,663.00

EXHIBIT C

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD APRIL 1, 2024 TO MAY 31, 2024
SUMMARY BY CATEGORY BY PROFESSIONAL**

	Hours		Amount
20 Travel Time			
Mark Toney	6.0	\$	6,300.00
Jim Porter	3.0		2,430.00
Chris Karambelas	-		-
Peg Brubaker	-		-
Jamy Houck	-		-
Dennis Rodriguez	-		-
Kara Borodkin	-		-
20 Travel Time Total	9.0	\$	8,730.00
Total	525.2	\$	354,800.25

EXHIBIT D

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD APRIL 1, 2024 TO MAY 31, 2024
CATEGORY DESCRIPTIONS**

01 Business Operations

Issues related to debtor-in-possession wind down operations in chapter 11, including duties of the CRO, CFO, COO/CIO, and Vice President of Human Resources. Management of the operations of the Debtors, including:

- a) CRO oversaw and managed aspects of the Debtors' wind down and post-sale operations. Planned overall case strategy, and managed bankruptcy professionals assisting the Debtors with various tasks. Led communications to the Board of Directors, community leaders, and media inquiries. Managed communication plans and deliverables for key stakeholders. Reviewed workers' compensation plans and coordinated strategy for wind down of the trust. Oversaw and assisted in strategy for HR matters, including retirement plan wind-downs and record retention. Develops transition planning for liquidating trustee;
- b) CFO managed the Debtors' financial and treasury functions, focused on cash generation and preservation, and managed the preparation of periodic reports required by the Bankruptcy Court or which are customarily issued by the Company's CFO. Coordinated cash flow efforts, oversaw budget and actual cash flow, operating loss, funding requirements, and other needs as necessary. Prepared presentations related to the Company's financial affairs and bankruptcy progress for the Board of Directors. Planned certain aspects of the Debtors' wind down and post-sale operations, including final audits and financial reporting and projections, post-closing accounts receivable wind down and transition of revenue cycle services to a new vendor, funding from the Mercy Foundation, and various human resources, pension, and PTO matters. Develops transition planning for liquidating trustee;
- c) CIO/COO oversaw and led the wind down of non-transitioning operational programs. Prepared non-transitioning assets for liquidation/sale. Oversaw and led the migration of emails to new Mercy estate tenant. Coordinated extraction of historical payroll and timesheet data. Develops transition planning for liquidating trustee;
- d) VP of Human Resources oversaw the wind down of human resources and benefit functions, including the defined benefit retirement plan, termination of the 401(k), 403(b), and 457(b) plans, health and dental insurance, disability insurance, and workers' compensation. Responded to defined benefit pension inquiries, provided and processed pension commencement requests. Provided and verified demographic and financial data for defined benefit pension valuation. Develops transition planning for liquidating trustee; and
- e) Temporary Staff supported senior management as noted above, including preparing various weekly, monthly, and ad hoc financial and operational reports, both for operations, external reporting to stakeholders, and bankruptcy court. Managed the treasury function and prepared reporting for CRO and CFO. Worked with various leaders on vendor relations. Assisted with communications to the Board and media on behalf of the Debtors. Develops transition planning for liquidating trustee.

02 Cash Management & Financing

Supported cash and liquidity management activities, including assisting with the preparation and maintenance of debtor-in-possession post-closing cash flow forecasts and variance analyses. Reviewed and approved vendor payments.

03 Post-Closing UI Transition Services

Provided post-closing employee, benefit, and payroll-related transition services to Buyer as agreed upon in the Transition Services Agreement between the Debtors and University of Iowa Health Care.

EXHIBIT D

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD APRIL 1, 2024 TO MAY 31, 2024
CATEGORY DESCRIPTIONS**

04 Asset Sale

Executed on the strategy for the sale of the non-transitioning assets, including the joint ventures and real estate, and coordinated the sale process for the same.

09 Bankruptcy Reporting

Oversaw and addressed administrative and/or reporting matters related to bankruptcy reporting. Analyzed contracts in connection with the cure analysis, and list of contracts to be assumed or rejected. Supported efforts to prepare bankruptcy-related matters, including Monthly Operating Reports (MORs), and other bankruptcy reporting requirements. Coordinated with the Debtors' claims agent.

10 Claims Admin

Reviewed and analyzed claims database, claims register, and claims analysis provided by the Debtors' Claims Agent, Epiq.

11 Disclosure Statement & Plan of Liquidation

Developed, analyzed, and negotiated the Plan of Liquidation, including a liquidation analysis, in coordination with counsel and key stakeholders. Reviewed and directed asset recovery and administrative claims in the waterfall analysis. Reviewed treatment of asset classes and distribution of post-closing funds in wind down. Oversaw communications with the Bondholders, Unsecured Creditors' Committee, and Pension Committee advisors and participated in the facilitated conference with the same parties regarding the Plan of Liquidation and Disclosure Statement negotiations.

13 Litigation

Prepared for and held calls with counsels and potential party of causes of actions.

14 Other BK Matters

Addressed other bankruptcy matters, including docket and motion review, diligence on case structure, public documents, and information requests, and other matters. Developed plans and executed on the wind down of the Foundation and the Guild (non-Debtor entities).

16 Bankruptcy Meetings and Communications

Participated in bankruptcy meetings and general correspondence with UCC, Pension Committee, Creditors, Committee Professionals, Other Debtors Advisors, Bondholder's Advisors, or Other Professionals relating to various case updates.

17 Court Hearings

Prepared for and participated in hearing(s). Prepared for and testified at the hearing.

EXHIBIT D

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD APRIL 1, 2024 TO MAY 31, 2024
CATEGORY DESCRIPTIONS**

19 Compensation and Staffing Reports

Prepared and reviewed monthly invoices, staffing reports, and compensation reports.

20 Travel Time

Non-working time incurred traveling to and from business-related sites. For the purposes of this engagement, ToneyKorf Partners does not bill travel time over three hours, and applies a 50% reduction for travel billed.

EXHIBIT E

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD APRIL 1, 2024 TO MAY 31, 2024
SUMMARY BY EXPENSE TYPE**

Expense Type	Total
Airfare	\$ 1,237.11
Ground Transportation	470.80
Lodging	559.29
Meals	61.38
Miscellaneous / Other	1,103.14
Total	\$ 3,431.72

EXHIBIT F

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD APRIL 1, 2024 TO MAY 31, 2024
ITEMIZED EXPENSES BY CATEGORY**

Name	Date	Expense Detail	Amount
Airfare			
Peg Brubaker	05/05/2024	Airfare - Round trip - DCA to CID	\$ 863.21
Mark Toney	05/13/2024	Airfare - Refund from March flight - disputed charge and prevailed	\$ (651.10)
Mark Toney	05/15/2024	Airfare - One way - DCA to CID	\$ 389.00
Mark Toney	05/16/2024	Airfare - One way - CID/ORD/PWM	\$ 636.00
Airfare Total			\$ 1,237.11
Ground Transportation			
Peg Brubaker	05/08/2024	Car rental - Fuel	\$ 22.35
Peg Brubaker	05/08/2024	Car rental - 4 days	\$ 419.07
Mark Toney	05/15/2024	Taxi - From CID to hotel	\$ 15.76
Mark Toney	05/16/2024	Taxi - From court to CID	\$ 13.62
Ground Transportation Total			\$ 470.80
Lodging			
Peg Brubaker	05/08/2024	Lodging - 3 nights (5/5 to 5/8)	\$ 337.11
Mark Toney	05/15/2024	Lodging - 1 night (5/15 - 5/16)	\$ 222.18
Lodging Total			\$ 559.29
Meals			
Mark Toney	05/15/2024	Meal - Dinner	\$ 30.00
Mark Toney	05/16/2024	Meal - Dinner	\$ 31.38
Meals Total			\$ 61.38
Miscellaneous / Other			
Chris Karambelas	04/05/2024	Monthly Microsoft licensing costs for Mercy Estate (x7 licenses)	\$ 317.27
Jamy Houck	04/24/2024	Other - monthly Gazette subscription	\$ 12.99
Peg Brubaker	04/29/2024	Other - Postage for mailing death claim to Vanguard	\$ 1.36
Chris Karambelas	05/05/2024	Other - Monthly Microsoft licensing costs for Mercy Estate (x7 licenses)	\$ 201.25
Peg Brubaker	05/16/2024	Other - Envelopes/supplies for mailing pension plan and 403b plan documents	\$ 36.01
Peg Brubaker	05/16/2024	Other - Printing for retirement plan mailings (at Staples)	\$ 108.61
Peg Brubaker	05/16/2024	Other - Printing for retirement plan mailings (at Staples)	\$ 51.20

EXHIBIT F

**MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD APRIL 1, 2024 TO MAY 31, 2024
ITEMIZED EXPENSES BY CATEGORY**

Name	Date	Expense Detail	Amount
Peg Brubaker	05/20/2024	Other - USPS postage for pension and 403b mailings	\$ 33.12
Peg Brubaker	05/21/2024	Other - Printing for 403b plan mailings (at Staples)	\$ 100.74
Peg Brubaker	05/21/2024	Other - Printing for 403b plan mailings (at Staples)	\$ 4.93
Peg Brubaker	05/21/2024	Other - USPS postage for pension and 403b mailings	\$ 25.44
Peg Brubaker	05/22/2024	Other - Printing for 403b plan mailings (at Staples)	\$ 90.37
Peg Brubaker	05/22/2024	Other - USPS postage for 403b mailings	\$ 29.37
Peg Brubaker	05/23/2024	Other - USPS postage for 403b mailings	\$ 40.28
Peg Brubaker	05/24/2024	Other - USPS postage for 403b mailings	\$ 13.60
Peg Brubaker	05/25/2024	Other - Scanning 5500 documents to email (at Staples)	\$ 36.60
Miscellaneous / Other Total			\$ 1,103.14
Grand Total			\$ 3,431.72